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Fenner & Smith Inc.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

MERRILL LYNCH, PIERCE, FENNER &
SMITH INC., a Delaware corporation,

Plaintiff,

vs.

WILLIAM E. FREDRICKSON,

Defendant.

CASE NO.: C 07-3336 MMC

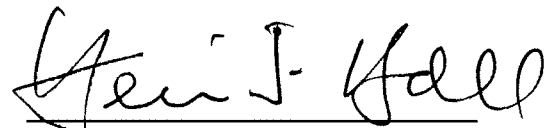
**UNDERTAKING FOR THE
TEMPORARY RESTRAINING ORDER**

The Honorable Maxine M. Chesney issued a Temporary Restraining Order in this case on
June 27, 2007. Attached hereto as **Exhibit A** is an undertaking in the amount of \$5,000 as ordered
by this Court.

Dated: June 29, 2007

GORDON-CREED, KELLEY,
HOLL & SUGERMAN, LLP

By:



Kevin J. Holl

Attorneys for Merrill Lynch, Pierce,
Fenner & Smith, Inc.

PROOF OF SERVICE BY E- MAIL

I am a resident of the State of California, over the age of 18 years, and not a party to the within action. My business address is Gordon-Creed Kelly, Holl & Sugerman, LLP, 222 Kearny Street, Suite 650, San Francisco, California 94108.

On June 29, 2007, I served the within documents: **UNDERTAKING OF TRO** on the parties in the within action at the following email address: *bfredrickson@royalaa.com*

I declare under penalty of perjury under the laws of the United States of America that the above is true and correct.

Executed on **June 29, 2007**, at San Francisco, California.



Linda J. Halperin

EXHIBIT A

UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA

Bond 104934550

MERRILL LYNCH, PIERCE, FENNER & SMITH, INC.

Plaintiff

vs.

TEMPORARY RESTRAINING ORDER

WILLIAM E. FREDRICKSON

Defendants

No. 3:07-cv-03336-MMC

WHEREAS, by Order of the above entitled Court, Plaintiff (s) _____, was required to file an undertaking in the sum of _____
Five Thousand and 00/100 _____ DOLLARS
as a condition for a Temporary Restraining Order to be in effect restraining and enjoining the above named Defendant (s) _____, from the
commission of certain acts as more fully set forth in said order.

NOW, THEREFORE, ST. PAUL FIRE AND MARINE INSURANCE COMPANY, a corporation organized and existing under
the laws of the State of MN and authorized to transact the business of Surety, as Surety, in consideration
of the premises and issuance of said Temporary Restraining Order does hereby undertake to pay all costs and disbursements that may
be decreed to the Defendant (s) _____ and such damages not exceeding the amount of Five Thousand Dollars and 00/100 (\$5,000.00)

DOLLARS as the Defendant (s) _____ may sustain by reason of said Temporary Restraining Order if the same be wrongfully obtained
and without sufficient cause.

IN WITNESS WHEREOF, we have set our hand and seal the 28th day of June, 2007.

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

BY: 

Sandra Diaz

Attorney-in-Fact

MERRILL LYNCH, PIERCE, FENNER & SMITH, INC.

BY: _____



POWER OF ATTORNEY

Farmington Casualty Company
 Fidelity and Guaranty Insurance Company
 Fidelity and Guaranty Insurance Underwriters, Inc.
 Seaboard Surety Company
 St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
 St. Paul Mercury Insurance Company
 Travelers Casualty and Surety Company
 Travelers Casualty and Surety Company of America
 United States Fidelity and Guaranty Company

Attorney-In Fact No. 218261

Certificate No. 001649209

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Robert McDonough, Glenn Pelletiere, Betty Calderon, Debra A. Deming, Vivian Carti, Halina Kazmierczak, Cynthia Farrell, Sandra Diaz, Elizabeth Marrero, Thomas Rhatigan, Evangelina L. Dominick, Annette Leuschner, and Michael Kubis

of the City of New York, State of New York, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 2nd day of February, 2007.

Farmington Casualty Company
 Fidelity and Guaranty Insurance Company
 Fidelity and Guaranty Insurance Underwriters, Inc.
 Seaboard Surety Company
 St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
 St. Paul Mercury Insurance Company
 Travelers Casualty and Surety Company
 Travelers Casualty and Surety Company of America
 United States Fidelity and Guaranty Company



State of Connecticut
 City of Hartford ss.

By:

George W. Thompson
 George W. Thompson, Senior Vice President

On this the 2nd day of February, 2007, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
 My Commission expires the 30th day of June, 2011.



Marie C. Tetreault
 Marie C. Tetreault, Notary Public

Financial Statement - December 31, 2005**St. Paul Fire and Marine Insurance Company****Assets**

Bonds	\$ 12,643,301,553
Stocks	2,963,915,130
Real Estate	676,342,475
Cash & Cash Equivalents	(43,311,827)
Short Term Investments	588,814,296
Other Invested Assets	864,592,771
Receivable for Securities	19,792,491
Investment Income Due and Accrued	164,447,984
Agents' Balances	1,302,166,785
Reinsurance: Amounts Recoverable from Reinsurers	1,385,399
Reinsurance: Funds Held Dep. with Reins. Co.	108,806,631
Federal and Foreign Income Tax Recoverable	39,588,950
Net Deferred Tax Asset	366,694,842
Guaranty Funds Receivable or on Deposit	13,541,608
Electronic Data Processing Equipment	2,858,042
Other Assets	187,920,898

Liabilities, Surplus, & Other Funds

Losses	\$ 8,399,417,898
Reinsurance Payable on Paid Losses	20,817,526
Loss Adjustment Expenses	1,865,968,230
Contingent Commissions	149,281,104
Other Expenses	88,290,790
Taxes, Licenses and Fees	131,500,649
Unearned Premiums	2,039,240,515
Advance Premiums	600,467
Dividends Unpaid- Policyholders	6,601,084
Ceded Reinsurance Premiums Payable	101,964,245
Funds Held - Reinsurance Treaties	222,782
Amounts Withheld by Company for Accounts of Others	173,575,526
Remittances and Items Not Allocated	37,136,895
Provision for Reinsurance	41,199,684
Adjustment for Foreign Exchange	60,236,399
Payable to Affiliates	131,618,088
Payable for Securities	162,453,978
Other Liabilities	(85,527,541)

TOTAL LIABILITIES 13,324,598,297

Special Surplus Retroactive Reinsurance	23,332,824
Guaranty Surplus Fund	1,000,000
Common Capital Stock	20,000,000
Surplus	6,531,526,905

Surplus as Regards Policyholders 6,575,859,529

TOTAL ASSETS \$ 19,900,457,826

TOTAL LIABILITIES & SURPLUS \$ 19,900,457,826

STATE OF CONNECTICUT)
COUNTY OF HARTFORD) SS

The foregoing is a correct statement of the financial condition, on a statutory basis, of the St. Paul Fire and Marine Insurance Company as of December 31, 2005, according to the best of our information, knowledge and belief.

Subscribed and sworn to before me this 17th day of April, 2006.

My commission expires November 30, 2007.

Michael J. Doody, Second Vice President